

REFERENCE TITLE: secondary property taxes; limits

State of Arizona
House of Representatives
Forty-eighth Legislature
First Regular Session
2007

HB 2656

Introduced by
Representatives Yarbrough: Adams, Murphy, Reagan

AN ACT

AMENDING SECTION 15-302, ARIZONA REVISED STATUTES; AMENDING SECTION 15-481, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2006, CHAPTER 44, SECTION 2 AND CHAPTER 217, SECTION 4; REPEALING SECTION 15-481, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2006, CHAPTER 354, SECTION 12; AMENDING SECTIONS 42-17001, 42-17003, 42-17004, 42-17005, 48-3620, 48-3903, 48-4023 AND 48-5805, ARIZONA REVISED STATUTES; BLENDING MULTIPLE ENACTMENTS; RELATING TO SECONDARY PROPERTY TAXES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 15-302, Arizona Revised Statutes, is amended to
3 read:

4 15-302. Powers and duties

5 A. The county school superintendent shall:

6 1. Distribute all laws, reports, circulars, instructions and forms
7 which he may receive for the use of school officers.

8 2. Record all official acts.

9 3. Appoint governing board members of school districts to fill all
10 vacancies, but the term of the appointment shall be until the next regular
11 election for governing board members, at which time a successor shall be
12 elected to serve the unexpired portion of the term. The county school
13 superintendent ~~may~~, if he deems it in the best interest of the community, MAY
14 call a special election to fill the vacancies. If an election is called, the
15 newly elected member shall serve for the remainder of the unexpired portion
16 of the term.

17 4. Make reports, when directed by the superintendent of public
18 instruction, showing matters relating to schools in his county as may be
19 required on the forms furnished by the superintendent of public instruction.

20 5. Have such powers and perform such duties as otherwise prescribed by
21 law.

22 6. On or before October 1 of each year, make a report to the
23 superintendent of public instruction showing the amount of monies received
24 from state school funds, special school district taxes and other sources, the
25 total expenditures for school purposes and the balance on hand to the credit
26 of each school district at the close of the school year.

27 7. Contract with the board of supervisors for the board of supervisors
28 to conduct all regular school district elections.

29 8. Be responsible, in cooperation with the governing boards and the
30 board of supervisors, for all special school district elections.

31 9. Maintain teacher and administrator certification records of
32 effective dates and expiration dates of teachers' and administrators'
33 certificates in compliance with guidelines prescribed in the uniform system
34 of financial records for those school districts for which the county school
35 superintendent is the fiscal agent. The county school superintendent shall
36 not draw a warrant in payment of a teacher's, substitute teacher's or
37 administrator's salary unless the teacher, substitute teacher or
38 administrator is legally certified during the fiscal year in which the term
39 for payment is demanded.

40 10. Notify a school district three years before the expiration of a
41 revenue control limit override that the school district's budget must be
42 adjusted in the final two years of the override pursuant to section 15-481,
43 subsections ~~P~~ Q and ~~R~~ R, if the voters do not approve another override.

11. In collaboration with the department of education and other state agencies, provide assistance to school districts and charter schools on the use of student data, staff development, curriculum alignment and technology to improve student performance.

12. Assist schools in meeting yearly adequate progress goals as defined by criteria established by the state board of education and implemented by the department of education.

B. At the request of school districts and charter schools, the county school superintendent may provide discretionary programs in addition to the programs prescribed in subsection A **OF THIS SECTION**.

C. The county school superintendent may provide the services prescribed in subsections A and B **OF THIS SECTION** in the county or jointly with two or more counties pursuant to title 11, chapter 7, article 3.

D. Each county school superintendent may establish an advisory committee to the office of the county school superintendent.

Sec. 2. Section 15-481, Arizona Revised Statutes, as amended by Laws 2006, chapter 44, section 2 and chapter 217, section 4, is amended to read:

15-481. Override election; budget increases; notice; ballot; effect

A. If ~~the~~ A proposed budget of a school district exceeds the aggregate budget limit for the budget year, **AT LEAST NINETY DAYS BEFORE THE PROPOSED ELECTION** the governing board shall order an override election to be held ~~not less than ninety days from the date of the order~~ **ON THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d)** for the purpose of presenting the proposed budget to the qualified electors of the school district who shall by a majority of those voting either affirm or reject the budget. In addition, the governing board shall prepare an alternate budget which does not include an increase in the budget of more than the amount permitted as provided in section 15-905. If the qualified electors approve the proposed budget, the governing board of the school district shall follow the procedures prescribed in section 15-905 for adopting a budget that includes the authorized increase. If the qualified electors disapprove the proposed budget, the governing board shall follow the procedures prescribed in section 15-905 for adopting a budget that does not include the proposed increase or the portion of the proposed increase that exceeds the amount authorized by a previously approved budget increase as prescribed in subsection ~~P~~ **Q** of this section.

B. The county school superintendent shall prepare an informational report on the proposed increase in the budget and a sample ballot and, at least forty days prior to the election, shall transmit the report and the sample ballot to the governing board of the school district. The governing board, upon receipt of the report and the ballot, shall mail or distribute the report and the ballot to the households in which qualified electors reside within the school district at least thirty-five days prior to the election. Any distribution of material concerning the proposed increase in

1 the budget shall not be conducted by children enrolled in the school
2 district. The report shall contain the following information:

- 3 1. The date of the election.
- 4 2. The voter's polling place and the times it is open.
- 5 3. The proposed total increase in the budget which exceeds the amount
6 permitted pursuant to section 15-905.
- 7 4. The total amount of the current year's budget, the total amount of
8 the proposed budget and the total amount of the alternate budget.
- 9 5. If the override is for a period of more than one year, a statement
10 indicating the number of years the proposed increase in the budget would be
11 in effect and the percentage of the school district's revenue control limit
12 that the district is requesting for the future years.
- 13 6. The proposed total amount of revenues which will fund the increase
14 in the budget and the amount which will be obtained from a levy of taxes upon
15 the taxable property within the school district for the first year for which
16 the budget increase was adopted.
- 17 7. The proposed amount of revenues which will fund the increase in the
18 budget and which will be obtained from other than a levy of taxes upon the
19 taxable property within the school district for the first year for which the
20 budget increase was adopted.
- 21 8. The dollar amount and the purpose for which the proposed increase
22 in the budget is to be expended for the first year for which the budget
23 increase was adopted.
- 24 9. At least two arguments, if submitted, but no more than ten
25 arguments for and two arguments, if submitted, but no more than ten arguments
26 against the proposed increase in the budget. The arguments shall be in a
27 form prescribed by the county school superintendent and each argument shall
28 not exceed two hundred words. Arguments for the proposed increase in the
29 budget shall be provided in writing and signed by the governing board. If
30 submitted, additional arguments in favor of the proposed increase in the
31 budget shall be provided in writing and signed by those in favor. Arguments
32 against the proposed increase in the budget shall be provided in writing and
33 signed by those in opposition. The names of those persons other than the
34 governing board or superintendent submitting written arguments shall not be
35 included in the report without their specific permission, but shall be made
36 available only upon request to the county school superintendent. The county
37 school superintendent shall review all factual statements contained in the
38 written arguments and correct any inaccurate statements of fact. The
39 superintendent shall not review and correct any portion of the written
40 arguments which are identified as statements of the author's opinion. The
41 county school superintendent shall make the written arguments available to
42 the public as provided in title 39, chapter 1, article 2. A deadline for
43 submitting arguments to be included in the informational report shall be set
44 by the county school superintendent.

10. A statement that the alternate budget shall be adopted by the governing board if the proposed budget is not adopted by the qualified electors of the school district.

11. The full cash value, the assessed valuation, **THE FIRST YEAR TAX RATE FOR THE PROPOSED OVERRIDE** and the estimated amount of the secondary property taxes if the proposed budget is adopted for each of the following:

(a) An owner-occupied residence whose assessed valuation is the average assessed valuation of property classified as class three, as prescribed by section 42-12003 for the current year in the school district.

(b) An owner-occupied residence whose assessed valuation is one-half of the assessed valuation of the residence in subdivision (a) of this paragraph.

(c) An owner-occupied residence whose assessed valuation is twice the assessed valuation of the residence in subdivision (a) of this paragraph.

(d) A business whose assessed valuation is the average of the assessed valuation of property classified as class one, as prescribed by section 42-12001, paragraphs 12 and 13 for the current year in the school district.

12. If the election is conducted pursuant to subsection L or M of this section, the following information:

(a) An executive summary of the school district's most recent capital improvement plan submitted to the school facilities board.

(b) A complete list of each proposed capital improvement that will be funded with the budget increase and a description of the proposed cost of each improvement, including a separate aggregation of capital improvements for administrative purposes as defined by the school facilities board.

(c) The tax rate associated with each of the proposed capital improvements and the estimated cost of each capital improvement for the owner of a single family home that is valued at eighty thousand dollars.

C. For the purpose of this section, the school district may use its staff, equipment, materials, buildings or other resources only to distribute the informational report at the school district office or at public hearings and to produce such information as required in subsection B of this section, provided that nothing in this subsection shall preclude school districts from holding or participating in any public hearings at which testimony is given by at least one person for the proposed increase and one person against the proposed increase. **ANY WRITTEN INFORMATION PROVIDED BY THE DISTRICT PERTAINING TO THE OVERRIDE ELECTION SHALL INCLUDE FINANCIAL INFORMATION SHOWING THE ESTIMATED FIRST YEAR TAX RATE FOR THE PROPOSED BUDGET OVERRIDE AMOUNT.**

D. **IF ANY AMOUNT OF THE PROPOSED INCREASE WILL BE FUNDED BY A LEVY OF TAXES IN THE DISTRICT, THE ELECTION PRESCRIBED IN SUBSECTION A OF THIS SECTION SHALL BE HELD ON THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d). IF THE PROPOSED INCREASE WILL BE FULLY FUNDED BY REVENUES FROM OTHER THAN A LEVY OF TAXES** the elections prescribed in subsection A of

1 this section shall be held on ~~a~~ ANY date prescribed by section 16-204. ~~and~~
 2 THE ELECTIONS shall be conducted as nearly as practicable in the manner
 3 prescribed in article 1 of this chapter, sections 15-422 through 15-424 and
 4 section 15-426, relating to special elections, except that:

5 1. The notices required pursuant to section 15-403 shall be posted not
 6 less than twenty-five days before the election.

7 2. Ballots shall be counted pursuant to title 16, chapter 4,
 8 article 10.

9 E. If the election is to exceed the revenue control limit and if the
 10 proposed increase will be fully funded by a levy of taxes upon the taxable
 11 property within the school district, the ballot shall contain the words
 12 "budget increase, yes" and "budget increase, no", and the voter shall signify
 13 his desired choice. The ballot shall also contain the amount of the proposed
 14 increase of the proposed budget over the alternate budget, a statement that
 15 the amount of the proposed increase will be based on a percentage of the
 16 school district's revenue control limit in future years, if applicable, as
 17 provided in subsection ~~P~~ Q of this section and the following statement:

18 Any budget increase authorized by this election shall be
 19 entirely funded by a levy of taxes upon the taxable property
 20 within this school district for the year for which adopted and
 21 for ____ subsequent years, shall not be realized from monies
 22 furnished by the state and shall not be subject to the
 23 limitation on taxes specified in article IX, section 18,
 24 Constitution of Arizona. Based on an estimate of assessed
 25 valuation used for secondary property tax purposes, TO FUND the
 26 proposed increase in the school district's budget ~~over that~~
 27 ~~allowed by law~~ would ~~result in~~ REQUIRE an estimated ~~increase in~~
 28 ~~the school district's~~ tax rate of _____ dollar per one
 29 hundred dollars of assessed valuation used for secondary
 30 property tax purposes and is in addition to the school
 31 district's tax rate which will be levied to fund the school
 32 district's revenue control limit allowed by law.

33 F. If the election is to exceed the revenue control limit and if the
 34 proposed increase will be fully funded by revenues from other than a levy of
 35 taxes upon the taxable property within the school district, the ballot shall
 36 contain the words "budget increase, yes" and "budget increase, no", and the
 37 voter shall signify the voter's desired choice. The ballot shall also
 38 contain:

39 1. The amount of the proposed increase of the proposed budget over the
 40 alternate budget.

41 2. A statement that the amount of the proposed increase will be based
 42 on a percentage of the school district's revenue control limit in future
 43 years, if applicable, as provided in subsection ~~P~~ Q of this section.

3. The following statement:

Any budget increase authorized by this election shall be entirely funded by this school district with revenues from other than a levy of taxes on the taxable property within the school district for the year for which adopted and for _____ subsequent years and shall not be realized from monies furnished by the state.

G. Except as provided in subsection H of this section, the maximum ~~budget increase~~ AMOUNT which may be requested and authorized OVER THE DURATION OF THE BUDGET INCREASE as provided in subsection E or F of this section or the combination of subsections E and F of this section is ten per cent of the revenue control limit as provided in section 15-947, subsection A for the budget year OF THE ELECTION.

H. Special budget override provisions for school districts with a student count of less than one hundred fifty-four in kindergarten programs and grades one through eight or with a student count of less than one hundred seventy-six in grades nine through twelve are as follows:

1. The maximum budget increase that may be requested and authorized as provided in subsections E and F of this section is the greater of the amount prescribed in subsection G of this section or a limit computed as follows:

(a) For common or unified districts with a student count of less than one hundred fifty-four in kindergarten programs and grades one through eight, the limit computed as prescribed in item (i) or (ii) of this subdivision, whichever is appropriate:

(i)

Student	Small School	Support Level Weight	Phase Down
Count	Student	for Small Isolated	Reduction
_____	Count Limit	School Districts	Factor
_____	- 125	x 1.358 + (0.0005 x	x \$ _____ = \$ _____
		(500 - Student Count))	

Phase Down	Phase Down	Small Isolated
Base	Reduction Factor	School District
\$150,000	- \$ _____	Elementary Limit
		= \$ _____

(ii)

Student	Small School	Support Level Weight	Phase Down
Count	Student	for Small	Reduction
_____	Count Limit	School Districts	Factor
_____	- 125	x 1.278 + (0.0003 x	x \$ _____ = \$ _____
		(500 - Student Count))	

Phase Down	Phase Down	Small
Base	Reduction Factor	School District
\$150,000	- \$ _____	Elementary Limit
		= \$ _____

(b) For unified or union high school districts with a student count of less than one hundred seventy-six in grades nine through twelve, the limit computed as prescribed in item (i) or (ii) of this subdivision, whichever is appropriate:

(i)

	Small School	Support Level Weight		Phase Down
Student	Student	for Small Isolated		Reduction
<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u>	<u>Factor</u>
	- 100	x 1.468 + (0.0005 x	x \$	= \$
		(500 - Student Count))		
	Phase Down	Phase Down	Small Isolated	
	<u>Base</u>	<u>Reduction Factor</u>	<u>District</u>	
	\$350,000	- \$	<u>Secondary Limit</u>	
			= \$	

(ii)

	Small School	Support Level Weight		Phase Down
Student	Student	for Small		Reduction
<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u>	<u>Factor</u>
	- 100	x 1.398 + (0.0004 x	x \$	= \$
		(500 - Student Count))		
	Phase Down	Phase Down	Small	
	<u>Base</u>	<u>Reduction Factor</u>	<u>School District</u>	
	\$350,000	- \$	<u>Secondary Limit</u>	
			= \$	

(c) If both subdivisions (a) and (b) of this paragraph apply to a unified school district, its limit for the purposes of this paragraph is the combination of its elementary limit and its secondary limit.

(d) If only subdivision (a) or (b) of this paragraph applies to a unified school district, the district's limit for the purposes of this paragraph is the sum of the limit computed as provided in subdivision (a) or (b) of this paragraph plus ten per cent of the revenue control limit attributable to those grade levels that do not meet the eligibility requirements of this subsection. If a school district budgets monies outside the revenue control limit pursuant to section 15-949, subsection E, the district's limit for the purposes of this paragraph is only the ten per cent of the revenue control limit attributable to those grade levels that are not included under section 15-949, subsection E. For the purposes of this subdivision, the revenue control limit is separated into elementary and secondary components based on the weighted student count as provided in section 15-971, subsection B, paragraph 2, subdivision (a).

2. If a school district utilizes the provisions of this subsection to request an override of more than one year, the ballot shall include an estimate of the amount of the proposed increase in the future years in place of the statement that the amount of the proposed increase will be based on a

1 percentage of the school district's revenue control limit in future years, as
2 prescribed in subsections E and F of this section.

3 3. Notwithstanding subsection ~~P~~ Q of this section, the maximum period
4 of an override authorized pursuant to this subsection is five years.

5 4. Subsection ~~P~~ Q, paragraphs 1 and 2 of this section do not apply to
6 overrides authorized pursuant to this subsection.

7 I. If the election is to exceed the revenue control limit as provided
8 in section 15-482 and if the proposed increase will be fully funded by a levy
9 of taxes on the taxable property within the school district, the ballot shall
10 contain the words "budget increase, yes" and "budget increase, no", and the
11 voter shall signify the voter's desired choice. The ballot shall also
12 contain the amount of the proposed increase of the budget over the alternate
13 budget, a statement that the amount of the proposed increase will be based on
14 a percentage of the school district's revenue control limit in future years,
15 if applicable, as provided in subsection ~~Q~~ R of this section, and the
16 following statement:

17 Any budget increase authorized by this election shall be
18 entirely funded by a levy of taxes on the taxable property
19 within this school district for the year for which adopted and
20 for _____ subsequent years, shall not be realized from monies
21 furnished by the state and shall not be subject to the
22 limitation on taxes specified in article IX, section 18,
23 Constitution of Arizona. Based on an estimate of assessed
24 valuation used for secondary property tax purposes, ~~the portion~~
25 ~~of TO FUND~~ the proposed increase in the school district's budget
26 ~~over that allowed by law~~ which will be funded by a levy of taxes
27 upon the taxable property within this school district would
28 ~~result in REQUIRE~~ an estimated ~~increase in the school district's~~
29 tax rate of _____ dollar per one hundred dollars of
30 assessed valuation used for secondary property tax purposes and
31 is in addition to the school district's tax rate that will be
32 levied to fund the school district's revenue control limit
33 allowed by law.

34 J. If the election is to exceed the revenue control limit as provided
35 in section 15-482 and if the proposed increase will be fully funded by
36 revenues other than a levy of taxes on the taxable property within the school
37 district, the ballot shall contain the words "budget increase, yes" and
38 "budget increase, no", and the voter shall signify the voter's desired
39 choice. The ballot shall also contain the amount of the proposed increase of
40 the proposed budget over the alternate budget, a statement that the amount of
41 the proposed increase will be based on a percentage of the school district's
42 revenue control limit in future years, if applicable, as provided in
43 subsection ~~Q~~ R of this section and the following statement:

Any budget increase authorized by this election shall be entirely funded by this school district with revenues from other than a levy of taxes on the taxable property within the school district for the year for which adopted and for _____ subsequent years and shall not be realized from monies furnished by the state.

K. The maximum ~~budget-increase~~ AMOUNT that may be requested and authorized OVER THE DURATION OF THE BUDGET INCREASE as provided in subsection I or J of this section, or a combination of both of these subsections, is five per cent of the revenue control limit as provided in section 15-947, subsection A for the budget year OF THE ELECTION. For a unified school district, a common school district not within a high school district or a common school district within a high school district that offers instruction in high school subjects as provided in section 15-447, five per cent of the revenue control limit means five per cent of the revenue control limit attributable to the weighted student count in preschool programs for children with disabilities, kindergarten programs and grades one through eight as provided in section 15-971, subsection B.

L. If the election is to exceed the capital outlay revenue limit and if the proposed increase will be fully funded by a levy of taxes upon the taxable property within the school district, the ballot shall contain the words "budget increase, yes" and "budget increase, no", and the voter shall signify the voter's desired choice. An election held pursuant to this subsection shall be held on the first Tuesday after the first Monday of November. The ballot shall also contain the amount of the proposed increase of the proposed budget over the alternate budget and the following statement:

Any budget increase authorized by this election shall be entirely funded by a levy of taxes upon the taxable property within this school district for the year in which adopted and for _____ subsequent years, shall not be realized from monies furnished by the state and shall not be subject to the limitation on taxes specified in article IX, section 18, Constitution of Arizona. Based on an estimate of assessed valuation used for secondary property tax purposes, TO FUND the proposed increase in the school district's budget ~~over that allowed by law~~ would ~~result in~~ REQUIRE an estimated ~~increase in the school district's~~ tax rate of _____ dollar per one hundred dollars of assessed valuation used for secondary property tax purposes and is in addition to the school district's tax rate which will be levied to fund the school district's capital outlay revenue limit allowed by law.

M. If the election is to exceed the capital outlay revenue limit and if the proposed increase will be fully funded by revenues from other than a levy of taxes upon the taxable property within the school district, the ballot shall contain the words "budget increase, yes" and "budget increase,

no", and the voter shall signify the voter's desired choice. An election held pursuant to this subsection shall be held on the first Tuesday after the first Monday of November. The ballot shall also contain the amount of the proposed increase of the proposed budget over the alternate budget and the following statement:

Any budget increase authorized by this election shall be entirely funded by this school district with revenues from other than a levy of taxes on the taxable property within the school district for the year in which adopted and for _____ subsequent years and shall not be realized from monies furnished by the state.

N. If the election is to exceed a combination of the revenue control limit as provided in subsection E or F of this section, the revenue control limit as provided in subsection I or J of this section or the capital outlay revenue limit as provided in subsection L or M of this section, the ballot shall be prepared so that the voters may vote on each proposed increase separately and shall contain statements required in the same manner as if each proposed increase were submitted separately.

O. THE MAXIMUM AMOUNT THAT MAY BE REQUESTED AND AUTHORIZED FOR THE DURATION OF AN INCREASE AS PROVIDED BY SUBSECTION L OR M OF THIS SECTION IS ONE HUNDRED PER CENT OF THE DISTRICT'S CAPITAL OUTLAY REVENUE LIMIT FOR THE BUDGET YEAR OF THE ELECTION.

~~O.~~ P. If the election provides for a levy of taxes on the taxable property within the school district, at least thirty days prior to the election, the department of revenue shall provide the school district governing board and the county school superintendent with an estimate of the school district's assessed valuation used for secondary property tax purposes for the ensuing fiscal year. The governing board and the county school superintendent shall use this estimate to translate the amount of the proposed dollar increase in the budget of the school district over that allowed by law into a tax rate figure.

~~P.~~ Q. If the voters in a school district vote to adopt a budget in excess of the revenue control limit as provided in subsection E or F of this section, any additional increase shall be included in the aggregate budget limit for each of the years authorized. Any additional increase shall be excluded from the determination of equalization assistance. The school district governing board may, however, levy on the assessed valuation used for secondary property tax purposes of the property in the school district the additional increase if adopted under subsection E of this section for the period of one year, two years or five through seven years as authorized. If an additional increase is approved as provided in subsection F of this section, the school district governing board may only use revenues derived from the school district's prior year's maintenance and operation fund ending cash balance to fund the additional increase. If a budget increase was previously authorized and will be in effect for the budget year or budget

1 year and subsequent years, as provided in subsection E or F of this section,
2 the governing board may request a new budget increase as provided in the same
3 subsection under which the prior budget increase was adopted which shall not
4 exceed the maximum amount permitted under subsection G of this section. If
5 the voters in the school district authorize the new budget increase amount,
6 the existing budget increase no longer is in effect. If the voters in the
7 school district do not authorize the budget increase amount, the existing
8 budget increase remains in effect for the time period for which it was
9 authorized. The maximum additional increase authorized as provided in
10 subsection E or F of this section and the additional increase which is
11 included in the aggregate budget limit is based on a percentage of a school
12 district's revenue control limit in future years, if the budget increase is
13 authorized for more than one year. If the additional increase:

14 1. Is for two years, the proposed increase in the second year is equal
15 to the initial proposed percentage increase.

16 2. Is for five years or more, the proposed increase is equal to the
17 initial proposed percentage increase in the following years of the proposed
18 increase, except that in the next to last year it is two-thirds of the
19 initial proposed percentage increase and it is one-third of the initial
20 proposed percentage increase in the last year of the proposed increase.

21 ~~Q.~~ R. If the voters in a school district vote to adopt a budget in
22 excess of the revenue control limit as provided in subsection I or J of this
23 section, any additional increase shall be included in the aggregate budget
24 limit for each of the years authorized. Any additional increase shall be
25 excluded from the determination of equalization assistance. The school
26 district governing board, however, may levy on the assessed valuation used
27 for secondary property tax purposes of the property in the school district
28 the additional increase if adopted under subsection I of this section for the
29 period of one year, two years or five through seven years as authorized. If
30 an additional increase is approved as provided in subsection J of this
31 section, the increase may only be budgeted and expended if sufficient monies
32 are available in the maintenance and operation fund of the school district.
33 If a budget increase was previously authorized and will be in effect for the
34 budget year or budget year and subsequent years, as provided in subsection I
35 or J of this section, the governing board may request a new budget increase
36 as provided in the same subsection under which the prior budget increase was
37 adopted that does not exceed the maximum amount permitted under subsection K
38 of this section. If the voters in the school district authorize the new
39 budget increase amount, the existing budget increase no longer is in effect.
40 If the voters in the school district do not authorize the budget increase
41 amount, the existing budget increase remains in effect for the time period
42 for which it was authorized. The maximum additional increase authorized as
43 provided in subsection I or J of this section and the additional increase
44 that is included in the aggregate budget limit is based on a percentage of a

1 school district's revenue control limit in future years, if the budget
2 increase is authorized for more than one year. If the additional increase:

3 1. Is for two years, the proposed increase in the second year is equal
4 to the initial proposed percentage increase.

5 2. Is for five years or more, the proposed increase is equal to the
6 initial proposed percentage increase in the following years of the proposed
7 increase, except that in the next to last year it is two-thirds of the
8 initial proposed percentage increase and it is one-third of the initial
9 proposed percentage increase in the last year of the proposed increase.

10 ~~R.~~ S. If the voters in a school district vote to adopt a budget in
11 excess of the capital outlay revenue limit as provided in subsection L of
12 this section, any additional increase shall be included in the aggregate
13 budget limit for each of the years authorized. The additional increase shall
14 be excluded from the determination of equalization assistance. The school
15 district governing board may, however, levy on the assessed valuation used
16 for secondary property tax purposes of the property in the school district
17 the additional increase for the period authorized but not to exceed ten
18 years. For overrides approved by a vote of the qualified electors of the
19 school district at an election held from and after October 31, 1998, the
20 period of the additional increase prescribed in this subsection shall not
21 exceed seven years for any capital override election.

22 ~~S.~~ T. If the voters in a school district vote to adopt a budget in
23 excess of the capital outlay revenue limit as provided in subsection M of
24 this section, any additional increase shall be included in the aggregate
25 budget limit for each of the years authorized. The additional increase shall
26 be excluded from the determination of equalization assistance. The school
27 district governing board may only use revenues derived from the school
28 district's prior year's maintenance and operation fund ending cash balance
29 and capital outlay fund ending cash balance to fund the additional increase
30 for the period authorized but not to exceed ten years. For overrides
31 approved by a vote of the qualified electors of the school district at an
32 election held from and after October 31, 1998, the period of the additional
33 increase prescribed in this subsection shall not exceed seven years for any
34 capital override election.

35 ~~T.~~ U. In addition to subsections ~~P~~-Q and ~~S~~-T of this section, from
36 the maintenance and operation fund and capital outlay fund ending cash
37 balances, the school district governing board shall first use any available
38 revenues to reduce its primary tax rate to zero and shall use any remaining
39 revenues to fund the additional increase authorized as provided in
40 subsections F and M of this section.

41 ~~U.~~ V. If the voters in a school district disapprove the proposed
42 budget, the alternate budget which, except for any budget increase authorized
43 by a prior election, does not include an increase in the budget in excess of
44 the amount provided in section 15-905 shall be adopted by the governing board
45 as provided in section 15-905.

~~V.~~ W. The governing board may request that any override election be cancelled if any change in chapter 9 of this title changes the amount of the aggregate budget limit as provided in section 15-905. The request to cancel the override election shall be made to the county school superintendent at least ten days prior to the date of the scheduled override election.

~~W.~~ X. For any election conducted pursuant to subsection L or M of this section:

1. The ballot shall include the following statement in addition to any other statement required by this section:

The capital improvements that are proposed to be funded through this override election are to exceed the state standards and are in addition to monies provided by the state.

_____ school district is proposing to increase its budget by \$_____ to fund capital improvements over and above those funded by the state. Under the students first capital funding system, _____ school district is entitled to state monies for building renewal, new construction and renovation of school buildings in accordance with state law.

2. The ballot shall contain the words "budget increase, yes" and "budget increase, no", and the voter shall signify the voter's desired choice.

3. At least eighty-five days before the election, the school district shall submit proposed ballot language to the director of the Arizona legislative council. The director of the Arizona legislative council shall review the proposed ballot language to determine whether the proposed ballot language complies with this section. If the director of the Arizona legislative council determines that the proposed ballot language does not comply with this section, the director, within ten calendar days of the receipt of the proposed ballot language, shall notify the school district of the director's objections and the school district shall resubmit revised ballot language to the director for approval.

~~X.~~ Y. If the voters approve the budget increase pursuant to subsection L or M of this section, the school district shall not use the override proceeds for any purposes other than the proposed capital improvements listed in the publicity pamphlet, except that up to ten per cent of the override proceeds may be used for general capital expenses, including cost overruns of proposed capital improvements.

~~V.~~ Z. Each school district that currently increases its budget pursuant to subsection L or M of this section is required to hold a public meeting each year between September 1 and October 31 at which an update of the progress of capital improvements financed through the override is discussed and at which the public is permitted an opportunity to comment. At a minimum, the update shall include a comparison of the current status and the original projections on the construction of capital improvements, the costs of capital improvements and the costs of capital improvements in

1 progress or completed since the prior meeting and the future capital plans of
 2 the school district. The school district shall include in the public meeting
 3 a discussion of the school district's use of state capital aid and
 4 voter-approved bonding in funding capital improvements, if any.

5 ~~Z-~~ AA. If a budget in excess of the capital outlay revenue limit was
 6 previously adopted by the voters in a school district and will be in effect
 7 for the budget year or budget year and subsequent years, as provided in
 8 subsection L or M of this section, the governing board may request an
 9 additional budget in excess of the capital outlay revenue limit. If the
 10 voters in a school district authorize the additional budget in excess of the
 11 capital outlay revenue limit, the existing capital outlay revenue limit
 12 budget increase remains in effect.

13 Sec. 3. Repeal

14 Section 15-481, Arizona Revised Statutes, as amended by Laws 2006,
 15 chapter 354, section 12, is repealed.

16 Sec. 4. Section 42-17001, Arizona Revised Statutes, is amended to
 17 read:

18 42-17001. Definitions

19 In this chapter, unless the context otherwise requires:

20 1. "Commission" means the property tax oversight commission
 21 established by section 42-17002.

22 2. "Political subdivision" means a county, charter county, city,
 23 charter city, town or community college district.

24 3. "SPECIAL TAXING DISTRICT" MEANS:

25 (a) A COUNTY FLOOD CONTROL DISTRICT ESTABLISHED PURSUANT TO TITLE 48,
 26 CHAPTER 21, ARTICLE 1.

27 (b) A COUNTY FREE LIBRARY DISTRICT ESTABLISHED PURSUANT TO TITLE 48,
 28 CHAPTER 24.

29 (c) A COUNTY JAIL DISTRICT ESTABLISHED PURSUANT TO TITLE 48, CHAPTER
 30 25.

31 (d) A SPECIAL HEALTH CARE DISTRICT ESTABLISHED PURSUANT TO TITLE 48,
 32 CHAPTER 31.

33 (e) A PUBLIC HEALTH SERVICES DISTRICT ESTABLISHED PURSUANT TO TITLE
 34 48, CHAPTER 33.

35 Sec. 5. Section 42-17003, Arizona Revised Statutes, is amended to
 36 read:

37 42-17003. Duties

38 A. The commission shall:

39 1. Establish procedures for deriving the information required by
 40 sections 15-905.01, 15-1461.01 and 42-17107 and article 2 of this chapter.

41 2. Review the primary property tax levy of each political subdivision
 42 to determine violations of sections 15-905.01, 15-1461.01 and 42-17107 and
 43 article 2 of this chapter.

3. REVIEW THE SECONDARY PROPERTY TAX LEVY OF EACH SPECIAL TAXING DISTRICT TO DETERMINE VIOLATIONS OF SECTIONS 48-3620, 48-3903, 48-4023, 48-5565 AND 48-5805.

~~3-~~ 4. Review the reports made by the department concerning valuation accuracy.

~~4-~~ 5. Hold hearings to determine the adequacy of compliance with articles 2 and 3 of this chapter.

~~5-~~ 6. Upon the request of a county, city, town or community college district, hold hearings as prescribed in section 42-17004 regarding the calculation of the maximum allowable primary property tax levy limits prescribed in section 42-17051, subsection A.

B. If the commission determines that a political subdivision has violated section 15-905.01, 15-1461.01 or 42-17107 or article 2 of this chapter, OR THAT A SPECIAL TAXING DISTRICT HAS VIOLATED SECTION 48-3620, 48-3903, 48-4023, 48-5565 OR 48-5805, then on or before September 15 the commission shall notify the political subdivision OR DISTRICT, and the county board of supervisors, in writing, of:

1. The nature of the violation.

2. The necessary adjustment to:

(a) The primary property tax levy and tax rate to comply with section 15-905.01, 15-1461.01 or 42-17107 or article 2 of this chapter.

(b) THE SECONDARY PROPERTY TAX LEVY AND TAX RATE TO COMPLY WITH SECTION 48-3620, 48-3903, 48-4023, 48-5565 OR 48-5805.

Sec. 6. Section 42-17004, Arizona Revised Statutes, is amended to read:

42-17004. Hearing and appeals of commission findings

A. If the commission notifies a political subdivision of a violation of section 15-905.01, 15-1461.01 or 42-17107 or article 2 of this chapter, OR NOTIFIES A SPECIAL TAXING DISTRICT OF A VIOLATION OF SECTION 48-3620, 48-3903, 48-4023, 48-5565 OR 48-5805, and the political subdivision OR DISTRICT disputes the commission's findings, then on or before October 1 the political subdivision OR DISTRICT may request a hearing before the commission to attempt to resolve the dispute.

B. A governing ~~board~~ BODY of a county, city, town, ~~or~~ community college district OR SPECIAL TAXING DISTRICT may request a hearing before the commission regarding the calculation of the maximum allowable primary OR SECONDARY property tax levy limits prescribed in section 42-17051, 48-3620, 48-3903, 48-4023, 48-5565 OR 48-5805. The commission may resolve any disputes.

C. The commission shall conduct the hearing as prescribed in title 41, chapter 6, article 10.

D. If the dispute is resolved at the hearing, the commission shall immediately notify the county board of supervisors of the proper primary OR SECONDARY tax levy and tax rate.

E. If a political subdivision OR SPECIAL TAXING DISTRICT continues to dispute the commission's findings after the hearing under this section, the political subdivision OR DISTRICT may:

1. Appeal the matter to tax court within thirty days after the commission renders the decision.

2. Levy primary OR SECONDARY property taxes in the amount that the political subdivision OR DISTRICT considers to be proper, pending the outcome of the appeal.

Sec. 7. Section 42-17005, Arizona Revised Statutes, is amended to read:

42-17005. Adjustments to levy

A. If a governing body of a political subdivision OR A SPECIAL TAXING DISTRICT receives written notice of a violation of its allowable levy limit or truth in taxation limit under section 42-17003, and has not appealed the commission's decision pursuant to section 42-17004, the governing body shall correct its ~~primary~~ property tax levy and tax rate to properly reflect the allowable levy for the current year. The county board of supervisors shall make the necessary adjustments to the political subdivision's OR DISTRICT'S ~~primary~~ property tax levy and tax rate to ensure that the corrected information is contained in the assessment and tax roll that is transmitted to the county treasurer pursuant to section 42-18003. If the governing body receives the notice after it is too late to correct the levy in the current year, the difference between the amount actually levied and the allowable ~~primary~~ property tax levy shall be set aside in a special fund and used to reduce the ~~primary~~ property taxes levied in the following year.

B. If, after a hearing under section 42-17004, the commission determines that errors were made in the calculation of the maximum allowable primary property tax levy limit pursuant to section 42-17051, subsection A, OR SECONDARY PROPERTY TAX LEVY LIMIT PURSUANT TO SECTION 48-3620, 48-3903, 48-4023, 48-5565 OR 48-5805, the commission shall have five days to notify the governing ~~board of a~~ BODY OF THE county, city, town, ~~or~~ community college district OR SPECIAL TAXING DISTRICT of the corrected levy limit. The commission shall also notify the county board of supervisors within five days. The corrected maximum allowable primary property tax levy shall be used in section 42-17051, subsection A, paragraph 1 in determining the following year's levy limit. THE CORRECTED MAXIMUM ALLOWABLE SECONDARY PROPERTY TAX LEVY SHALL BE USED IN SECTION 48-3620, 48-3903, 48-4023, 48-5565 OR 48-5805 IN DETERMINING THE FOLLOWING YEAR'S LEVY LIMIT.

C. If, after a hearing under section 42-17004, it is impossible for the board of supervisors to correct a property tax levy in the current year, the political subdivision OR SPECIAL TAXING DISTRICT shall hold the difference between the amount the political subdivision OR DISTRICT actually levied and the allowable ~~primary~~ property tax levy prescribed by the commission in a separate fund to be used to reduce the ~~primary~~ property taxes levied by the political subdivision OR DISTRICT in the following year.

1 D. If the commission discovers that it has made an error in computing
 2 the levy limit after September 15, it shall notify the political
 3 subdivision's **OR SPECIAL TAXING DISTRICT'S** governing body about the error.
 4 The error shall be corrected as prescribed in subsection A of this section.
 5 If the error results in the maximum allowable ~~primary~~ property tax levy being
 6 raised: ~~—~~

7 1. The corrected maximum allowable primary property tax levy shall be
 8 used in section 42-17051, subsection A, paragraph 1 in determining the
 9 following year's levy limit.

10 2. **THE CORRECTED MAXIMUM ALLOWABLE SECONDARY PROPERTY TAX LEVY SHALL**
 11 **BE USED FOR THE PURPOSES OF SECTION 48-3620, 48-3903, 48-4023, 48-5565 OR**
 12 **48-5805 IN DETERMINING THE FOLLOWING YEAR'S LEVY LIMIT.**

13 E. If, on appeal under section 42-17004, subsection E, the ruling of
 14 the court provides for a ~~primary~~ property tax levy in an amount that is less
 15 than the amount levied by the political subdivision **OR SPECIAL TAXING**
 16 **DISTRICT**, the political subdivision **OR DISTRICT** shall hold the difference
 17 between the amounts in a separate fund to be used to reduce the ~~primary~~
 18 property taxes levied by the political subdivision **OR DISTRICT** in the
 19 following year.

20 Sec. 8. Section 48-3620, Arizona Revised Statutes, is amended to read:

21 48-3620. Certification and levy of taxes; limitation

22 A. The district ~~shall annually~~, not less than fifteen days before the
 23 first day of the month in which the county board of supervisors is required
 24 by law to levy county taxes, **SHALL ANNUALLY** certify to the board of
 25 supervisors:

26 1. The amount of taxes to be levied in each year on the taxable real
 27 property in the district as it considers necessary or appropriate to pay the
 28 expenses of administering the district and maintaining and operating the
 29 district's flood control system, to carry out its regulatory functions and to
 30 carry out any of the objects and purposes of this article of common benefit
 31 to the district. The maintenance and operation tax proceeds not used for
 32 current expenses of maintenance and operation may either be paid into a
 33 reserve to be accumulated for such purpose or may be used for extending,
 34 improving and constructing the flood control system, including acquiring
 35 rights-of-way.

36 2. The amount of taxes to be levied in each year on all taxable real
 37 property in each zone or in any of the zones into which the district has been
 38 divided, according to the benefits derived or to be derived by the respective
 39 zones, to pay the cost and expenses of carrying out any of the objects or
 40 purposes of this article of special benefit to the respective zones,
 41 including acquiring, constructing, maintaining, operating, extending,
 42 repairing or otherwise improving any or all flood control works or
 43 improvements in the respective zones and including acquiring rights-of-way.
 44 No revenues derived from any of the several zones from the taxes levied under
 45 this section may be expended for acquiring, constructing, maintaining,

1 operating, extending, repairing or otherwise improving any works or
2 improvements located in any other zone, except under section 48-3620.01.

3 3. The amount of secondary property taxes necessary to be levied to
4 pay the principal and interest falling due during the ensuing year on, or to
5 provide a sinking fund for, any bonds issued pursuant to section 48-3619.

6 B. The taxes collected pursuant to this section shall be paid to the
7 district treasurer and used solely for the purpose for which they were
8 levied.

9 C. The board of supervisors at the time of levying general county
10 taxes shall levy and cause to be collected in the manner prescribed by law
11 for county taxes a property tax or taxes on the taxable real property in the
12 district, zone or zones sufficient to provide the amounts set forth in
13 subsection A of this section.

14 D. If the district fails to certify to the board of supervisors any of
15 the amounts of taxes necessary to be levied as required by this section, the
16 board of supervisors shall ascertain the amount which should have been
17 certified and shall levy the tax sufficient to produce such amount.

18 E. BEGINNING IN TAX YEAR 2007, THE MAXIMUM AMOUNT OF A LEVY UNDER
19 SUBSECTION A, PARAGRAPHS 1 AND 2 OF THIS SECTION SHALL NOT EXCEED THE AMOUNT
20 OF THE LEVY IN TAX YEAR 2006, ADJUSTED ANNUALLY BY A PERCENTAGE EQUAL TO THE
21 RATE OF CHANGE IN THE LEVY LIMIT BETWEEN THE CURRENT YEAR AND THE PRECEDING
22 YEAR FOR THE COUNTY IN WHICH THE DISTRICT IS LOCATED AS DETERMINED PURSUANT
23 TO SECTION 42-17051. THE LIMITATION UNDER THIS SUBSECTION SHALL BE INCREASED
24 EACH YEAR TO THE MAXIMUM PERMISSIBLE LIMIT REGARDLESS OF WHETHER THE DISTRICT
25 ACTUALLY LEVIES THAT AMOUNT.

26 ~~E.~~ F. If a district is located in a county having a population of
27 less than six hundred thousand persons according to the most recent United
28 States decennial census, beginning with the 1993 tax year AND IN ADDITION TO
29 THE LIMITATION PRESCRIBED BY SUBSECTION E OF THIS SECTION, the aggregate
30 taxes levied in any year under this article by the district for the purposes
31 listed in subsection A, paragraph 1 of this section shall not exceed twenty
32 per cent of the county primary property tax rate exclusive of the state
33 equalization assistance property tax rate or fifty cents per one hundred
34 dollars of assessed valuation, whichever is greater. The aggregate taxes
35 levied for any year under this article on property in a zone for the purposes
36 listed in subsection A, paragraph 2 of this section in a district located in
37 a county having a population of less than six hundred thousand persons
38 according to the most recent United States decennial census, if added to the
39 aggregate taxes, if any, levied for the purposes listed in subsection A,
40 paragraph 1 of this section, shall not exceed twenty per cent of the county
41 primary property tax rate exclusive of the state equalization assistance
42 property tax rate or fifty cents per one hundred dollars of assessed
43 valuation, whichever is greater. The taxes levied under this article in a
44 district located in a county having a population of less than six hundred
45 thousand persons according to the most recent United States decennial census

1 may exceed the limits prescribed by this subsection if approved by a majority
 2 of the qualified electors of the district voting in a regular general
 3 election held pursuant to title 16, chapter 2, article 2 or at a special
 4 election held pursuant to title 16, chapter 2, article 3. The ballot for the
 5 election shall specifically state the proposed rate and the fiscal year or
 6 years in which the excess tax levies are proposed to be assessed.

7 Sec. 9. Section 48-3903, Arizona Revised Statutes, is amended to read:

8 48-3903. Tax levies; limitation

9 A. The board of directors, after a county free library is established,
 10 shall annually levy in the same manner and at the same time as other county
 11 secondary property taxes are levied a county free library district tax
 12 sufficient to establish the district and to ~~insure~~ ENSURE the payment of
 13 salaries, maintenance and upkeep and other necessary expenses of the county
 14 free library district. The tax shall be levied and collected upon all
 15 property in the county and upon all property within incorporated cities and
 16 towns in the county.

17 B. BEGINNING IN TAX YEAR 2007, THE MAXIMUM AMOUNT OF A LEVY UNDER THIS
 18 SECTION SHALL NOT EXCEED THE AMOUNT OF THE LEVY IN TAX YEAR 2006, ADJUSTED
 19 ANNUALLY BY A PERCENTAGE EQUAL TO THE RATE OF CHANGE IN THE LEVY LIMIT
 20 BETWEEN THE CURRENT YEAR AND THE PRECEDING YEAR FOR THE COUNTY IN WHICH THE
 21 DISTRICT IS LOCATED AS DETERMINED PURSUANT TO SECTION 42-17051. THE
 22 LIMITATION UNDER THIS SUBSECTION SHALL BE INCREASED EACH YEAR TO THE MAXIMUM
 23 PERMISSIBLE LIMIT REGARDLESS OF WHETHER THE DISTRICT ACTUALLY LEVIES THAT
 24 AMOUNT.

25 Sec. 10. Section 48-4023, Arizona Revised Statutes, is amended to
 26 read:

27 48-4023. Property tax levy

28 A. If a majority of the qualified electors voting at an election held
 29 pursuant to section 48-4021 ~~approves~~ APPROVE a county jail district ad
 30 valorem property tax, on or before the third Monday in August each year the
 31 district shall certify to the county board of supervisors the amount of taxes
 32 to be levied for the taxable year on the taxable property in the district
 33 which, together with unexpended balances carried forward from the previous
 34 fiscal year and revenues from all other sources, is necessary to pay the
 35 maintenance and operation expenses of the district in carrying out the
 36 objects and purposes of this chapter.

37 B. The board of supervisors shall levy a secondary property tax on the
 38 taxable property in the district, at the same time and in the same manner as
 39 county taxes are levied, sufficient to provide the amount certified under
 40 subsection A of this section, but the tax ~~rate~~ is limited to, and shall not
 41 exceed in any event, THE LESSER OF:

42 1. Twenty cents per one hundred dollars of assessed valuation, except
 43 as provided in subsection D of this section.

2. BEGINNING IN TAX YEAR 2007, THE AMOUNT OF THE LEVY IN TAX YEAR 2006, ADJUSTED ANNUALLY BY A PERCENTAGE EQUAL TO THE RATE OF CHANGE IN THE LEVY LIMIT BETWEEN THE CURRENT YEAR AND THE PRECEDING YEAR FOR THE COUNTY IN WHICH THE DISTRICT IS LOCATED AS DETERMINED PURSUANT TO SECTION 42-17051. THE LIMITATION UNDER THIS PARAGRAPH SHALL BE INCREASED EACH YEAR TO THE MAXIMUM PERMISSIBLE LIMIT REGARDLESS OF WHETHER THE DISTRICT ACTUALLY LEVIES THAT AMOUNT.

C. The tax revenues collected pursuant to this section shall be paid to the district treasurer and deposited in the county jail district general fund and used solely for the purposes for which they were collected.

~~C.~~ D. The tax shall be levied on all of the taxable property in the district.

~~D.~~ E. Notwithstanding subsection B of this section, for tax years 2006, 2007 and 2008, the district may certify and the board of supervisors shall levy a secondary property tax on the taxable property in the district in an amount equal to the amount levied in tax year 2005.

Sec. 11. Section 48-5805, Arizona Revised Statutes, is amended to read:

48-5805. Transaction privilege tax; property tax

A. The board of directors of the district by resolution may levy, and if levied, the department of revenue shall collect, a transaction privilege tax pursuant to this section to be used and spent for the purposes described in section 48-5804. The board shall set the rate of the tax at not more than two per cent of the tax rate that applies to each business in the district that is subject to taxation under title 42, chapter 5, article 1. The board shall levy the tax on each person engaging in the district in a business taxed under title 42, chapter 5, article 1.

B. Each month the state treasurer shall remit to the district treasurer the net revenues collected under subsection A of this section during the second preceding month. The district treasurer shall deposit the monies in the public health services district's accounts and shall account for all expenditures.

C. In lieu of a transaction privilege tax pursuant to subsection A of this section, the board by resolution may levy in the same manner and at the same time as other county secondary property taxes are levied a public health services district tax. The tax shall not exceed THE LESSER OF:

1. Twenty-five cents per one hundred dollars of assessed valuation and shall be levied on all property in the county and on all property within incorporated cities and towns in the county.

2. BEGINNING IN TAX YEAR 2007, THE AMOUNT OF THE LEVY IN TAX YEAR 2006, ADJUSTED ANNUALLY BY A PERCENTAGE EQUAL TO THE RATE OF CHANGE IN THE LEVY LIMIT BETWEEN THE CURRENT YEAR AND THE PRECEDING YEAR FOR THE COUNTY IN WHICH THE DISTRICT IS LOCATED AS DETERMINED PURSUANT TO SECTION 42-17051. THE LIMITATION UNDER THIS PARAGRAPH SHALL BE INCREASED EACH YEAR TO THE

1 MAXIMUM PERMISSIBLE LIMIT REGARDLESS OF WHETHER THE DISTRICT ACTUALLY LEVIES
2 THAT AMOUNT.

3 D. The district shall deposit all monies collected pursuant to this
4 subsection in a separate account and shall account for all expenditures.

5 Sec. 12. Application: retroactivity

6 Section 15-481, subsections G, K and O, Arizona Revised Statutes, as
7 amended by this act, apply retroactively to override authority approved by
8 the qualified electors of school districts from and after June 30, 2007.